

CS FOR HOUSE BILL NO. 261(FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered: 1/27/12

Referred: Finance

Sponsor(s): REPRESENTATIVES EDGMON, MILLETT, AND THOMPSON

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to loans for the purchase of commercial fishing entry permits; and**
2 **providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 16.10.320(a) is amended to read:

5 (a) Except as permitted in (h) **and (l)** of this section, a loan under AS
6 16.10.300 - 16.10.370

7 (1) may not exceed a term of 15 years, except for extensions under AS
8 16.10.310(a)(4);

9 (2) may not bear interest exceeding the prime rate, as defined by AS
10 44.88.599, plus two percentage points, but not more than 10 1/2 percent;

11 (3) must be secured by a first priority lien and appropriate security
12 agreement;

13 (4) may not exceed 80 percent of the appraised value of the collateral
14 used to secure the loan; and

1 (5) may not be made to a person who has a past due child support
2 obligation established by court order or by the child support services agency under AS
3 25.27.160 - 25.27.220 at the time of application.

4 * **Sec. 2.** AS 16.10.320(d) is amended to read:

5 (d) The total of balances outstanding on loans made to a borrower under AS
6 16.10.310(a)(1)(A) may not exceed \$300,000. The total of balances outstanding on
7 loans made to a borrower under AS 16.10.310(a)(1)(B) **may not exceed \$200,000 for**
8 **the purchase of an entry permit and** may not exceed \$100,000 **for all other loans**
9 **under that subparagraph.** The total of balances outstanding on loans made to a
10 borrower under AS 16.10.310(a)(1)(C) may not exceed \$300,000. The total of
11 balances outstanding on loans made to a borrower under AS 16.10.310(a)(1)(D) to
12 satisfy past due federal tax obligations may not exceed \$35,000. The total of balances
13 outstanding on loans made under AS 16.10.310(a)(1)(E) may not exceed \$2,000,000
14 for each community eligible under federal statute or regulation to establish or
15 participate in the establishment of a community quota entity. The total of balances
16 outstanding on loans made to a borrower under AS 16.10.310(a)(1)(F) may not exceed
17 \$300,000. Excluding loans made under AS 16.10.310(a)(1)(E), the total of balances
18 outstanding on all loans, including debt refinancing under AS 16.10.310(a), made to a
19 borrower under AS 16.10.300 - 16.10.370 may not exceed \$400,000.

20 * **Sec. 3.** AS 16.10.320(i) is amended to read:

21 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent
22 loan may not be made to the borrower under AS 16.10.310(a)(1)(B), unless the loan
23 requested under AS 16.10.310(a)(1) is for propulsion engine or generator engine
24 replacement on an existing vessel for the purpose of improving fuel efficiency **or is**
25 **for the purchase of an entry permit.** If a loan is made to a borrower under AS
26 16.10.310(a)(1)(B), a subsequent loan may be made to the borrower under AS
27 16.10.310(a)(1)(A) if the total of the balance outstanding on loans received by the
28 borrower under AS 16.10.310(a)(1)(A) and (B) does not exceed \$400,000.

29 * **Sec. 4.** AS 16.10.320 is amended by adding a new subsection to read:

30 (l) A loan under AS 16.10.310(a)(1)(B) for the purchase of an entry permit
31 may not bear interest exceeding the prime rate, as defined in AS 44.88.599, minus two

1 percentage points, except that the interest rate may not be more than 10 1/2 percent or
2 less than three percent.

3 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **APPLICABILITY.** (a) The increase in balances outstanding permitted by AS
6 16.10.320(d), as amended by sec. 2 of this Act, on loans made to a borrower under AS
7 16.10.310(a)(1)(B), applies only to a person who first receives a loan under AS
8 16.10.310(a)(1)(B) on or after the effective date of this Act.

9 (b) AS 16.10.320(*I*), added by sec. 4 of this Act,

10 (1) applies only to loans made on or after the effective date of this Act; and

11 (2) does not apply to the refinancing of a loan made under 16.10.310 -
12 16.10.370 before the effective date of this Act.

13 * **Sec. 6.** This Act takes effect July 1, 2012.